



## MEMORANDUM

**Date:** December 29, 2000

**To:** ALL DELEGATION HOLDERS

FOR IMMEDIATE DISTRIBUTION  
TO ALL PROCUREMENT STAFF

**From:** Department of General Services  
Procurement Division - Sacramento

**Subject:** New Legislation, effective January 1, 2001

This memo is directed to all state agency personnel involved in purchasing and contracting and is intended to provide highlights of the new laws, effective January 1, 2001. The information regarding these laws is listed below by their respective Senate and Assembly bill numbers. Also shown are suggestions for Delegation Holder actions.

	Synopsis
<b>SB 542</b>	<b>Service recipients receiving payments with aggregate amounts greater than \$600 in any year must report to EDD certain information.</b>
	<u>Highlights:</u> <ul style="list-style-type: none"><li>• Unemployment Insurance Code Section 1088.8</li><li>• Contracts and purchase orders with sole proprietors only</li><li>• Also a business that files a 1099 form for sole proprietors they do business with</li><li>• Obtain this information from Std 204, Payee Data Form</li><li>• Contracts entered into prior to 1/01/01 and payment made after 1/01/01, the contract is subject to reporting</li><li>• EDD accepting magnetic media solely for reporting. Agencies must submit test file prior to submission of data</li><li>• For more information, visit the EDD web site, <a href="http://www.edd.ca.gov">www.edd.ca.gov</a></li></ul>
	<u>Delegation Holder Actions:</u> <ul style="list-style-type: none"><li>• Develop test file</li><li>• Develop internal policies/procedures for submitting data</li></ul>
<b>SB 1049</b>	<b>Raises streamlined contracting limits with small businesses. Language has been clarified to include goods, services, information technology, and clarifies the intent that no advertising or sealed bidding is required, and that protests don't apply. Also, raises the level at which competition must occur.</b>
	<u>Highlights:</u> <ul style="list-style-type: none"><li>• Government Code 14838.5</li><li>• Allows state agencies to acquire goods, services, and information technology valued at less than \$5,000 (excluding sales tax, shipping/freight) without competitive bidding, or advertising in the California State Contracts Register.</li><li>• Protest procedures do not apply to these transactions</li><li>• Allows state agencies to acquire goods, services, and information technology valued at less than \$100,000.00 if responsive bids are received from at least two certified small businesses and the award is made to a certified small business</li></ul>

Bill #	Synopsis
<b>SB 1049</b> <b>Cont'd</b>	<u>Delegation Holders Actions:</u> <ul style="list-style-type: none"> <li>Effective January 1, 2001, state agencies, under the authority of the delegation, can apply the provisions of this bill as stated above</li> </ul>
<b>AB 1684</b>	<b>Establishes new contracting authority for DGS, and raises the formal bidding limit</b>
	<u>Highlights:</u> <ul style="list-style-type: none"> <li>Public Contract Code Section 10290, 10298, 10301, 10302</li> <li>Allows CMAS/Master Agreements for personal and consulting services</li> <li>Allows DGS to enter into cooperative agreements (i.e. several states joining together) to leverage the state's buying power</li> <li>Allows DGS to award statewide contracts to multiple suppliers</li> <li>Raises the dollar limit for formal, sealed bids for goods from \$15,000 to \$25,000</li> <li>Eliminates mass-mailing requirements for formal bids, instead requires the state to advertise those solicitations in the California State Contracts Register</li> <li>Allows DGS to award statewide contracts on a value-effective basis (i.e. considering factors other than cost alone)</li> </ul>
	<u>Delegation Holder Actions:</u> <ul style="list-style-type: none"> <li>Effective January 1, 2001, the delegation for the purchase of goods is raised to a maximum of \$24,999.99 per transaction (excluding tax and shipping/freight). Delegation holders are reminded to obtain a minimum of two valid quotes, and thoroughly document the procurement file</li> </ul>
<b>AB 1888</b>	<b>Adds abusive forms of child labor or exploitation of children in sweatshop labor to the Public Contract Code provisions regarding forced, convict and indentured labor prohibitions.</b>
	<u>Highlights:</u> <ul style="list-style-type: none"> <li>PCC Section 6108</li> <li>Adds children in sweatshop labor to the General Provision language, paragraph 47</li> <li>This language has been added to the new Contract/Delegation Purchase Order form (Std. 65) (estimated availability February, 2001)</li> </ul>
	<u>Delegation Holder Actions:</u> <ul style="list-style-type: none"> <li>Begin use of the new General Provisions on 1/1/01</li> <li>On orders without the General Provisions, add the following revised language to purchase orders:</li> </ul> <p><i>"In accordance with PCC Section 6108, contractor warrants that no foreign-made equipment, materials, or supplies furnished to the State pursuant to this contract are produced in whole or in part by, or with the benefit of, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor."</i></p>

Bill #	Synopsis
SB 1889	<b>When invoicing the state of goods or services provided, contractors must certify that they are not seeking reimbursement for costs incurred to assist, promote, or deter union organizing. They also have to maintain records and provide those records to the Attorney General upon request.</b>
	<u>Highlights:</u> <ul style="list-style-type: none"> <li>• Government Code 16645 et. Seq.</li> <li>• Prohibits use of State money to assist, promote or deter union organizing</li> </ul>
	<u>Delegation Holder Actions:</u> <ul style="list-style-type: none"> <li>• Begin use of the new General Provisions on 1/1/01</li> <li>• On orders without the General Provisions, add the following revised language to purchase orders:   <i>"For contracts in excess of \$50,000, in accordance with GC Section 16656 et. Seq. Every invoice shall include a certification that the contractor shall not use state funds to assist, promote, or deter union organizing during the life of the contract, including any extensions or renewals thereof."</i> </li> <li>• Determine if tracking the certifications is necessary</li> </ul>
AB 1936	<b>Technical clean-up of <u>Prompt Payment Act</u> to remove a loophole that would have permitted state agencies to take longer than 45 days to pay their bills before penalties begin accruing.</b>
	<u>Highlights:</u> <ul style="list-style-type: none"> <li>• Government Code 927 et. seq.</li> <li>• Disallows state contracts that specify an invoice payment cycle time that is longer than 45 days.</li> <li>• Language has been added to the new Contract/Delegation Purchase Order form (Std. 65)</li> <li>• The General Provisions, paragraph 30 has been revised to read:   <i>"Payment will be made in accordance with the provisions of the California Prompt Payment Act, Government Code Section 927 et seq. Unless expressly exempted by statute, the Act requires state agencies to pay properly submitted, undisputed invoices not more than 45 days after (a) the date of acceptance of goods or performance of services; or (b) receipt of an undisputed invoice – whichever is later."</i> </li> </ul>
	<u>Delegation Holder Actions:</u> <ul style="list-style-type: none"> <li>• Use the General Provisions as revised by Procurement Division on all applicable transactions.</li> <li>• Ensure that payments will be made no later than 45 days from the date a correct, undisputed invoice is received</li> </ul>

Bill #	Synopsis
AB 2557	<b>Modifies "payment bond" language</b>
	<u>Highlights:</u> <ul style="list-style-type: none"><li>• Civil Code Section 3248</li><li>• Public Contract Code is modified to require all construction contracts to have in force a payment bond equal to 100% of the total amount of the contract.</li></ul>
	<u>Delegation Holder Actions:</u> <ul style="list-style-type: none"><li>• For public works transactions &gt;\$5,000, the following language needs to be included in bids and Special Provisions:  <i>"Prior to the commencement of performance, the contractor must obtain and provide to the State, a payment bond, on Standard Form 807, when the purchase order involves a public works expenditure (labor/installation costs) in excess of \$5,000. Such bond shall be in a sum not less than one hundred percent (100%) of the purchase order price. Forms shall be provided to the contractor."</i></li></ul>

The Procurement Division has broadcast this information in the interest of creating a smooth transition to the new and revised laws. You can visit web page [www.leginfo.ca.gov](http://www.leginfo.ca.gov) for an Acrobat downloadable file of the bills in question. Please do not hesitate to call Joyce Henry, Delegation Resources Manager at (916) 327-7301 or via email at [joyce.henry@dgs.ca.gov](mailto:joyce.henry@dgs.ca.gov), or visit our web page at [www.dgs.ca.gov/pd](http://www.dgs.ca.gov/pd).

Sincerely,

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Department of General Services

cc: Joyce Henry, Delegations Resources Manager, Procurement Division  
Judy Heringer, Acquisition Quality Assurance Program, Procurement Division  
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